

**DUKE ENERGY PROGRESS, LLC**  
**DOCKET 2018-318-E**  
**Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 2**  
**FOR THE TEST PERIOD ENDED December 31, 2019**  
**SOUTH CAROLINA RETAIL**  
**(Dollars in thousands)**

		Federal EDIT - Protected SC Retail	Federal EDIT - Unprotected, PP&E related SC Retail	Federal EDIT - Unprotected, non PP&E related SC Retail	Deferred Revenue SC Retail	NC EDIT SC Retail	Total SC Retail
		(A)	(B)	(C)	(D)	(E)	(F)
1	Regulatory liability including gross up for Year 1 Rider calculation	[1] \$ (146,798)	\$ (58,254)	\$ (4,773)	\$ (8,960)	\$ (1,140)	\$ (219,924)
2	Deferred revenue for federal tax rate change 1/1/2019 - 5/31/2019	[2] -	-	-	(6,330)	-	(6,330)
3	Adjustment for 2018 Return to Provision True Ups	[3] -	-	-	-	(47)	(47)
4	Adjustment to implement ASU 2018-02	[3] -	-	(6)	-	-	(6)
5	Adjustment for Amended 2017 Federal Return	[3] -	(74)	-	-	-	(74)
6	Adjustment for estimated transition of Protected to Unprotected regulatory liability 1/1/19-5/31/19	[3] 2,270	-	(2,270)	-	-	-
7	Adjusted balance before amortization (sum of L1 to L6)	(144,528)	(58,328)	(7,049)	(15,290)	(1,187)	(226,382)
8	Amortization (includes 7 months of actual and 5 months of projected)	[4] 5,447	2,913	955	2,987	1,140	\$ 13,441
9	Regulatory liability including gross up for Year 2 Rider calculation (L7 + L8)	(139,081)	(55,415)	(6,094)	(12,303)	(47)	(212,941)
10	ARAM rate	[5] 3.57%					
11	Remaining Amorization Period	25.57	19	4	2	1	
12	Annual amortization amount (L9 / L11)	[6] (5,447)	(2,917)	(1,524)	(6,152)	(47)	(16,086)

**Notes:**

- [1] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive), Page 1, Line 6  
[2] Deferred revenues in the 0229010 account as of 12/31/2019  
[3] Provided by the Tax Department  
[4] Per book amortization June 2019 - December 2019 plus projected amortization Jan 2020 - May 2020  
[5] Provided by the Tax Department  
[6] Annual amortization for protected is actual and projected amortization (Line 8). Annual amortization for remaining categories is regulatory liability for Year 2 (Line 9) divided by remaining amortization period (Line 11)

**Exhibit 1**  
Page 2 of 2

Line	Cost of Capital per Compliance Exhibit 1	Ratio	Rate	After Tax Weighted Average Cost of Capital (WACC)
1	Debt	47.00%	4.16%	1.47%
2	Equity	53.00%	9.50%	5.04%
3				6.51%
4	Statutory Tax Rate SC-0104 - 2017 Tax Rate, Line 10			24.95%
5	Retention factor for SC license tax, PSC Utility Assessment Fee			99.50%

**Annual Rider Calculation**

Amortization - From Page 1, L9

Line	Year	Beginning Balance, Page 1, L4	Federal EDIT - Protected	Federal EDIT - Unprotected, PP&E related	Federal EDIT - Unprotected, non PP&E related	Deferred Revenue	NC EDIT	Total Amortization (G) =(B)+(C)+(D) +(E)+(F)	Ending Balance before Return (H) = (A) - (G)	Average of Beginning and Ending Balance (I) = ((A) + (H)) / 2	EDIT Balance in Base Rates [1] (J)	Change in Regulatory Liability for Rider Return (K) = (I) - (J)	Return for Rider (L) = (K) x After Tax WACC	True-up for sales volume [2] (M)	Rider Revenues (N) = (G) + (L) + (M)	Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee (O) = (N) / Retention Factor
		(A)	(B)	(C)	(D)	(E)	(F)									
6	Jun 20- May 21	(212,941)	(5,447)	(2,917)	(1,524)	(6,152)	(47)	(16,086)	(196,855)	(\$204,898)	(222,870)	\$17,972	\$1,170	187	(14,729)	(14,803)

[1] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive), Page 1, Line 1

[2] Docket No. 2018-318-E, Excess Deferred Income Tax Rider (EDIT) Revenue Requirement - Year 2, Exhibit 2, Page 1, Line 8

**DUKE ENERGY PROGRESS, LLC**  
**DOCKET 2018-318-E**  
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**SOUTH CAROLINA RETAIL**  
**(Dollars in thousands)**

True Up for Actual Sales Volume June 2019 - December 2019

Line	Description	Residential	General Service - Small	General Service - SGS- TOU-CLR	General Service - Medium	General Service - Large	Traffic Signal Service	Lighting	Sports Field	Seasonal	Total SC retail
1	Rider EDIT-1 (SC) decrement rate (\$/mWh)	[1] (2.92)	(3.56)	(2.91)	(1.84)	(1.16)	(2.77)	(4.88)	(3.61)	(2.60)	
2	Total Year 1 EDIT Rider Revenues	[2] (\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	(\$12,861)	
3	Total Year 1 Federal EDIT Protected Amortization	[3] (\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	(\$5,432)	
4	Rider EDIT-1 (SC) decrement rate, excluding Protected (\$/mWh) (1 - L3 / L2) * L1)	(1.68680)	(2.05651)	(1.68103)	(1.06292)	(0.67010)	(1.60015)	(2.81904)	(2.08540)	(1.50195)	
5	SC Retail Mwh sales (June 1, 2019 - December 31, 2019)	[4] 1,254,377	166,547	3,340	1,001,678	1,252,259	809	45,196	97	16,213	
6	Actual EDIT decrement rider revenue (L4 * L5 / 1,000)	(\$2,116)	(\$343)	(\$6)	(\$1,065)	(\$839)	(\$1)	(\$127)	(\$0)	(\$24)	(\$4,521)
7	Per books amortization, excluding Protected, plus rider return	[5]									(\$4,334)
8	Year 1 true-up (L7 - L6)										\$187

[1] SC Rider EDIT-1, effective for service rendered on and after June 1, 2019 through May 31, 2020

[2] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive), Page 2, Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee

[3] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive) Page 1, Line 8, Annual Amortization Amount Federal EDIT Protected

[4] Provided by Accounting

[5] Docket No. 2018-318-E, Compliance Exhibit 3 (Directive), Page 2 ((Rider Revenues incl. SC license Tax, PSC Utility Assessment Fee - Federal EDIT Protected Amortization) / 12 \* 7)

Duke Energy Progress, LLC  
SCPSC Docket No. 2018-318-E  
Exhibit No. 3  
Derivation of Excess Deferred Income Tax Rider EDIT Rates - Year 2  
For Test Period Ended December 31, 2019

Rate Class	Revenue Requirement <sup>1</sup>	Annual kWh Billing Determinants <sup>2</sup>	Proposed Rates - Year 2 (\$/kWh)	Current Rates - Year 1 (\$/kWh)
(a)	(b)	(c)	(d) = (b) / (c)	(e)
1 Residential	(\$7,249,866)	2,079,177,918	(\$0.00349)	(\$0.00292)
2 General Service - Small	(\$1,070,310)	266,135,397	(\$0.00402)	(\$0.00356)
3 General Service - SGS-TOU-CLR	(\$15,553)	5,564,551	(\$0.00279)	(\$0.00291)
4 General Service - Medium	(\$3,090,569)	1,629,615,408	(\$0.00190)	(\$0.00184)
5 General Service - Large	(\$2,653,333)	2,221,245,638	(\$0.00119)	(\$0.00116)
6 Traffic Signal Service	(\$3,059)	1,165,287	(\$0.00262)	(\$0.00277)
7 Lighting	(\$673,927)	77,914,968	(\$0.00865)	(\$0.00488)
8 Sports Field	(\$845)	152,093	(\$0.00556)	(\$0.00361)
9 Seasonal	(\$45,054)	21,354,052	(\$0.00211)	(\$0.00260)
10 Total Retail	(\$14,802,515)	6,302,325,312		
	check \$0	0		

<sup>1</sup> Revenue Requirement is provided in Exhibit No. 4  
<sup>2</sup> SC Annual Billed kWh Sales were provided in CIM Report RMC1Y.

Exhibit No. 4  
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**DUKE ENERGY PROGRESS, LLC**  
**SCPSC Docket 2018-318-E**  
**Exhibit No. 4**  
**South Carolina Retail**  
**Federal Tax Change Liability Rider Rate Calculation**

Rider Amortization \$: Year 2 \$ (14,802,515)

<u>Rider Rate by Customer Class</u>	<u>2019 Billed kwhrs</u>	<u>ADIT per 2018 PB COS</u>	<u>Allocated at ADIT</u>
		\$	\$
(a)	(b)	(c)	(d)
1 RES	2,079,177,918	\$ (102,211,177)	\$ (7,249,866)
2 SGS	266,135,397	\$ (15,089,605)	\$ (1,070,310)
3 SGSCLR	5,564,551	\$ (219,265)	\$ (15,553)
4 MGS	1,629,615,408	\$ (43,571,939)	\$ (3,090,569)
5 LGS	2,221,245,638	\$ (37,407,622)	\$ (2,653,333)
6 SI	21,354,052	\$ (635,190)	\$ (45,054)
7 TSS	1,165,287	\$ (43,124)	\$ (3,059)
8 LIGHTING	77,914,968	\$ (9,501,269)	\$ (673,927)
9 SFL	152,093	\$ (11,912)	\$ (845)
10 Total	6,302,325,312	\$ (208,691,103)	\$ (14,802,515)